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House Engrossed Senate Bill

State of Arizona
Senate
Forty-sixth Legislature
Second Regular Session
2004

SENATE BILL 1141

AN ACT

AMENDING SECTION 42-5010, ARIZONA REVISED STATUTES; RELATING TO TAXATION.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 42-5010, Arizona Revised Statutes, is amended to
3 read:

4 42-5010. Rates; distribution base

5 A. The tax imposed by this article is levied and shall be collected at
6 the following rates:

7 1. Five per cent of the tax base as computed for the business of every
8 person engaging or continuing in this state in the following business
9 classifications described in article 2 of this chapter:

- 10 (a) Transporting classification.
- 11 (b) Utilities classification.
- 12 (c) Telecommunications classification.
- 13 (d) Pipeline classification.
- 14 (e) Private car line classification.
- 15 (f) Publication classification.
- 16 (g) Job printing classification.
- 17 (h) Prime contracting classification.
- 18 (i) Owner builder sales classification.
- 19 (j) Amusement classification.
- 20 (k) Restaurant classification.
- 21 (l) Personal property rental classification.
- 22 (m) Retail classification.
- 23 (n) Membership camping classification.

24 2. Five and one-half per cent of the tax base as computed for the
25 business of every person engaging or continuing in this state in the
26 transient lodging classification described in section 42-5070.

27 3. Three and one-eighth per cent of the tax base as computed for the
28 business of every person engaging or continuing in this state in the mining
29 classification described in section 42-5072.

30 4. Zero per cent of the tax base as computed for the business of every
31 person engaging or continuing in this state in the commercial lease
32 classification described in section 42-5069.

33 B. Twenty per cent of the tax revenues collected at the rate
34 prescribed by subsection A, paragraph 1 of this section from persons on
35 account of engaging in business under the business classifications listed in
36 subsection A, paragraph 1, subdivisions (a) through (i) of this section is
37 designated as distribution base for purposes of section 42-5029.

38 C. Forty per cent of the tax revenues collected at the rate prescribed
39 by subsection A, paragraph 1 of this section from persons on account of
40 engaging in business under the business classifications listed in subsection
41 A, paragraph 1, subdivisions (j) through (n) of this section is designated as
42 distribution base for purposes of section 42-5029.

1 D. Thirty-two per cent of the tax revenues collected from persons on
2 account of engaging in business under the business classification listed in
3 subsection A, paragraph 3 of this section is designated as distribution base
4 for purposes of section 42-5029.

5 E. Fifty-three and one-third per cent of the tax revenues collected
6 from persons on account of engaging in business under the business
7 ~~classifications~~ CLASSIFICATION listed in subsection A, paragraph 4 of this
8 section is designated as distribution base for purposes of section 42-5029.

9 F. Fifty per cent of the tax revenues collected from persons on
10 account of engaging in business under the business classification listed in
11 subsection A, paragraph 2 of this section is designated as distribution base
12 for purposes of section 42-5029.

13 G. In addition to the rates prescribed by subsection A of this
14 section, if approved by the qualified electors voting at a statewide general
15 election, an additional rate increment is imposed and shall be collected
16 through June 30, 2021. The taxpayer shall pay taxes pursuant to this
17 subsection at the same time and in the same manner as under subsection A of
18 this section. The department shall separately account for the revenues
19 collected with respect to the rates imposed pursuant to this subsection and
20 the state treasurer shall distribute all of those revenues in the manner
21 prescribed by section 42-5029, subsection E. The rates imposed pursuant to
22 this subsection shall not be considered local revenues for purposes of
23 article IX, section 21, Constitution of Arizona. The additional tax rate
24 increment is levied at the rate of six-tenths of one per cent of the tax base
25 of every person engaging or continuing in this state in a business
26 classification listed in subsection A, paragraph 1 of this section.

27 H. Any increase in the rate of tax that is imposed by this chapter and
28 that is enacted by the legislature or by a vote of the people does not apply
29 with respect to contracts entered into by prime contractors or pursuant to
30 written bids made by prime contractors on or before the effective date of the
31 legislation or the date of the election enacting the increase. To qualify
32 for the exemption under this subsection, the prime contractor must maintain
33 sufficient documentation, in a manner and form prescribed by the department,
34 to verify the date of the contract or written bid.

35 I. FOR TAXPAYERS TAXABLE UNDER THIS CHAPTER OTHER THAN PRIME
36 CONTRACTORS TAXABLE PURSUANT TO SECTION 42-5075:

37 1. ANY INCREASE IN THE RATE OF TAX THAT IS LEVIED BY THIS ARTICLE OR
38 ARTICLE 2 OF THIS CHAPTER ENACTED BY THE LEGISLATURE OR BY A VOTE OF THE
39 PEOPLE DOES NOT APPLY FOR A PERIOD OF ONE HUNDRED TWENTY DAYS FROM THE DATE
40 OF THE TAX RATE INCREASE TO THE GROSS PROCEEDS OF SALES OR GROSS INCOME FROM
41 THE BUSINESS OF THE TAXPAYER WITH RESPECT TO WRITTEN CONTRACTS ENTERED INTO
42 BEFORE THE EFFECTIVE DATE OF THE TAX RATE INCREASE UNLESS THE TAXPAYER HAS
43 ENTERED INTO A CONTRACT THAT CONTAINS A PROVISION THAT ENTITLES THE TAXPAYER
44 TO RECOVER FROM THE PURCHASER THE AMOUNT OF THE ADDITIONAL TAX LEVIED.

1 2. THE PROVISIONS OF THIS SUBSECTION APPLY WITHOUT REGARD TO THE
2 ACCOUNTING METHOD USED BY THE TAXPAYER TO REPORT THE TAXES IMPOSED UNDER
3 ARTICLE 2 OF THIS CHAPTER.

4 3. THE PROVISIONS OF THIS SUBSECTION SHALL NOT BE CONSIDERED IN
5 DETERMINING THE RATE OF TAX IMPOSED UNDER CHAPTER 6, ARTICLE 3 OF THIS TITLE.